GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:3988
ANSWERED ON:23.03.2001
DISINVESTMENT IN PSUS
SUDARSANA E.M. NATCHIAPPAN

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether a number of public sector undertakings were earmarked for disinvestment over three years ago;

(b) if so, the details thereof and the names of such public sector undertakings which are targeted for disinvestment in 2001-2002;

(c) whether most of these PSUs are fast losing their market shares;

(d) if so, the value of market shares two years ago and the present value of market shares of these PSUs;

(e) the reasons for not disinvesting their shares;

(f) the total loss suffered due to delay;
(g) whether it has come to the notice of the Government that scripts of the PSUs which are due for disinvestment in future are being manipulated in the capital market and stock exchange; and
(h) if so, the details thereof and the steps taken by the Government to monitor the scripts of PSUs to prevent such manipulation?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE IN TH MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) Typically an annual disinvestment programme is prepared by Government of India every year. However, for various reasons like market conditions, financial performance of the companies under consideration, terms and conditions of sale, interest of the bidders, time taken for due diligence by the interested parties etc. the completion of the disinvestment exercise overshoots the targetted date. This is also due to the fact that Government of India does not disinvest in distress to meet any deadlines. Under the circumstances, the companies earmarked for disinvestment in earlier years are carried over to the next year disinvestment plan.

(b) As announced by the Finance Minister in his Budget Speech for the year 2001-2002, disinvestment / strategic sale in 27 companies is expected to be completed during 2001-2002. These companies are Air India, CMC Ltd., Hindustan Copper Ltd. (Phase I), Hindustan Insecticides Ltd., Hndustan Organic Chemicals Ltd., Hindustan Zinc Ltd., Indian Airlines, IBP Ltd., Indian Petrochemical Corporation Ltd., Indian Tourism Development Corporation Ltd., Madras Fertilizers Ltd., Minerals and Metals Trading Corporation Ltd., National Fertilizers Ltd., Paradeep Phosphates Ltd., Sponge Iron India Ltd., State Trading Corporation Ltd., Bharat Pumps and Compressors Ltd., Hindustan Cables Ltd., Instrumentation Ltd., ITDC Joint Ventures, Jessop & Company Ltd., NEPA Ltd., Scooters India Ltd., Tungbhadra Steel Products Ltd., Videsh Sanchar Nigam Ltd., Praga Tools Ltd. & Bharat Brakes and Valves Ltd.

Decisions of earlier years for disinvestment of minority stakes in Indian Oil Corporation, Mahanagar Telephone Nigam Ltd., Gas Authority of India Ltd. & Container Corporation of India Ltd. have not been implemented due to adverse market conditions.

(c) & (d) The information is bring collected and would be laid on the table of the House.

(e) The decision for disinvestment and the final implementation of such a decision depend on various factors. The process involves largescale interministerial consultations with the concerned department/ministries and the advice of the professional Advisors. Moreover, for reasons like market conditions, financial performance of the companies under consideration, terms and conditions of sale, interest of bidders, time taken for due diligence by the interested parties etc. the completion of the disinvestment exercise can take longer time than targetted.

(f) The loss of market share of CPSUs normally diminishes their value and the Government therefore, tries to include such CPSUs in the disinvestment plans. Since the value of shares is dependent on many factors, the loss due to reduction in market shares only cannot be assessed.

(g) & (h) Yes, Sir. Government has received some representations from various quarters including some Hon`ble Members of Parliament, drawing the attention towards fall in prices of certain shares and alleging manipulation of share prices. The behaviour of share prices on the stock exchanges is a phenomenon governed by the market forces. However, the Securities Exchange Board of India, the regulator of the stock markets in the country, looks into these issues.